

tiling more than scarcity must be relied on, under all the conditions of international trade and the money market, to maintain permanently a parity once attained. It will be seen in the sequel that while events moved propitiously for the achievement of the reform, the work of the exchange commission attained an importance which contributed much to assure this success.¹

The event which contributed most to allay doubts and to permit the government to advance from the ground of experiment to that of accomplishment was the rise in the price of silver bullion. The hiatus in the demand for the metal which had carried its price down to 21½ pence in December, 1902, and January, 1903, was at length passed, and during the period from April, 1903, to the beginning of 1905 silver moved slowly, but almost uninterruptedly, upward.* In January, 1905, the London price was 28½ pence—an advance of nearly one-third over the low point of 1903. On March 25, 1905, therefore, although silver had then receded to about 26 pence, the new gold standard was put into effective operation. A step towards the policy of India was introduced into one of the laws now promulgated by the provision that henceforth, except for recoinage, new silver money should be issued only in exchange for gold coin or bars at the legal parity. It was wisely provided that this exchange of silver for gold should cease to be obligatory when silver rose above the legal parity.

In spite of Senor Limantour's confidence in scarcity as a means of bringing about parity, a fund was constituted by Section 27 of one of the new laws, called "Fund for the regulation of the monetary circulation/" with the avowed object of facilitating the adaptation of the monetary circulation to the requirements of stability in foreign exchange.

¹Viollet, while pointing out the difference between the attitude of Senor Limantour and the present writer on this subject, intimated that Senor Limantour may have had for his attitude a motive which was not avowed.—*Le Probleme de l'Argent et l'Etalon d'Or au Mexique*^ 199-201.

² *Commission on International Exchange, 1904, 28.*